

Decision 02-12-052 December 17, 2002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.	Application 00-11-038 (Filed November 16, 2000)
Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan. (U 39 E)	Application 00-11-056 (Filed November 22, 2000)
Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.	Application 00-10-028 (Filed October 17, 2000)

ORDER CORRECTING ERROR

On December 17, 2002, the Commission issued Decision (D.) 02-12-045 allocating Department of Water Resource' revenue requirement to Southern California Edison Company, San Diego Gas & Electric, and Pacific Gas &Electric Company.

Pursuant to the authority granted in Resolution A-4661, **IT IS ORDERED THAT** the following corrections be made to numbers that were incorrectly specified in Decision 02-12-045, along with corrected tables. These corrections include the following:

- Corrected Table A
- Corrected Table B
- Corrected Table C
- Corrected Appendix A

A correction in the section titled "Narrative Explanation of Revenue Requirement Allocation": \$4.532 million should be changed to \$4.487 million. This correction should be made twice in that section.

The numbers in Ordering Paragraph 2 should read:

PG&E:	\$1,965,521,020
SCE:	\$1,879,093,551
SDG&E:	\$ 643,156,989

Dated December 17, 2002, at San Francisco, California.

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN
Executive Director

CORRECTED TABLE A**Table A: Proposed and Interim Adopted Allocations**

	Allocations to IOU Customers						
	PG&E		SCE		SDG&E		Total
PG&E Proposal	\$1,846,000,000	41%	\$1,824,000,000	41%	\$808,000,000	18%	\$4,478,000,000
SCE Proposal	\$2,198,000,000	48%	\$1,708,000,000	37%	\$664,000,000	15%	\$4,570,000,000
SDG&E Proposal	\$1,995,000,000	44%	\$1,890,000,000	42%	\$690,000,000	15%	\$4,575,000,000
ORA Proposal	\$2,042,000,000	45%	\$1,764,000,000	39%	\$752,000,000	17%	\$4,559,000,000
ORA*	\$1,965,521,020	44%	\$1,879,093,551	42%	\$643,156,989	14%	\$4,487,771,560

*As modified and adopted in this decision.

Note: Proposed allocations are shown as presented by the parties in the “Contract Cost Allocation Comparison Exhibit”. In addition, due to rounding, sums may not equal totals.

The following table provides more detailed information on the adopted allocation:

CORRECTED TABLE B: Detailed Summary of Interim Adopted Allocation

	PG&E	SCE	SDG&E	Total
Ancillary Services	\$61,753,088	\$59,556,675	\$20,144,663	\$141,454,426
Variable Contract Costs	\$85,661,819	\$65,501,750	\$68,722,250	\$219,885,819
Fixed Contract Costs	\$1,712,915,242	\$1,669,104,118	\$517,997,064	\$3,900,016,423
Administrative and General Expenses	\$12,398,253	\$11,957,276	\$4,044,472	\$28,400,000
Operating Reserves	\$127,695,749	\$123,153,909	\$41,656,020	\$292,505,679
Total DWR Expenses	\$2,000,424,151	\$1,929,273,728	\$652,564,469	\$4,582,262,347
Less:				
DWR Surplus Sales Revenue	\$(9,142,922)	\$(25,336,197)	\$(1,004,163)	\$(35,483,282)
Interest Earnings	\$(25,760,209)	\$(24,843,979)	\$(8,403,317)	\$(59,007,505)
DWR Revenue from Ratepayers	\$1,965,521,020	\$1,879,093,551	\$643,156,989	\$4,487,771,560

CORRECTED Table C**Calculation of Adopted IOU Power Charges****2003 DWR Expenses and Non-Ratepayer Revenues**

Power Costs	\$4,119,902,243
Administrative and General Expenses	\$28,400,000
Ancillary Services	\$141,454,426
Increase in Operating Account Balance	\$292,505,679
Revenues from Sale of Excess DWR Power	(\$35,483,282)
Interest Earnings	(\$59,007,505)
DWR Revenue Required from Ratepayers	\$4,487,771,560

Allocation of Total Revenue Requirement	PG&E	SCE	SDG&E	Total
Variable Contract Costs	\$85,661,819	\$65,501,750	\$68,722,250	\$219,885,819
Fixed Costs	\$1,690,410,363	\$1,630,881,218	\$512,634,056	\$3,833,925,636
Ancillary Services	\$61,753,088	\$59,556,675	\$20,144,663	\$141,454,426
Funding of Operating Account	\$127,695,749	\$123,153,909	\$41,656,020	\$292,505,679
Total Revenue Requirement	\$1,965,521,020	\$1,879,093,551	\$643,156,989	\$4,487,771,560
Less: DA Cost Responsibility Surcharge	\$0	\$0	\$0	\$0
Total Revenue Requirement	\$1,965,521,020	\$1,879,093,551	\$643,156,989	\$4,487,771,560
2003 DWR Delivered Energy (kWh)	19,205,963,516	18,459,409,403	6,398,534,999	44,063,907,918

Components of IOU Power Charge (\$/kWh)	PG&E	SCE	SDG&E	Total
Variable Power Cost Component	\$0.00446	\$0.00355	\$0.01074	\$0.00499
Fixed Power Cost Component	\$0.08801	\$0.08835	\$0.08012	\$0.08701
Ancillary Services Cost Component	\$0.00322	\$0.00323	\$0.00315	\$0.00321
Operating Account Funds	\$0.00900	\$0.00900	\$0.00900	\$0.00900
Total IOU Power Charge (\$/kWh)	\$0.10469	\$0.10413	\$0.10301	\$0.10421

CORRECTED Appendix A
Allocation Methodology for 2003 DWR Revenue Requirement

1) Calculate each IOU's portion of DWR Pre-DA migration supplied energy.

a) Calculate the proportion of the DWR- and URG-supplied energy in each IOU's resource portfolio

Line	GWh	PG&E	SCE	SDG&E	Total	Source
1	Supply from URG	52,756	57,881	7,056	117,693	ProSym 36
2	Supply from DWR	21,835	22,246	6,953	51,034	ProSym 36
3	Total Supplied Energy	74,591	80,127	14,009	168,728	Line 1 + Line 2
4	URG % of IOU Portfolio	71%	72%	50%	N/A	Line 1 / Line 3
5	DWR % of IOU Portfolio	29%	28%	50%	N/A	Line 2 / Line 3

b) Adjust the amount of DWR supplied energy for each IOU by adding DWR's share of Pre-DA migration to DWR supplied energy.

Line	GWh	PG&E	SCE	SDG&E	Total	Source
6	Direct Access	0	0	0	0	Need Supplemental DWR Modeling
7	Departing Load	0	0	0	0	Need Supplemental DWR Modeling
8	Total DA/DL Migrated Load	0	0	0	0	Line 6 + Line 7
9	DWR Share of Portfolio	21,835	22,246	6,953	51,034	Line 2 + Line 8

c) Subtract DWR's portion of surplus energy from DWR supplied energy to determine DWR's adjusted supplied energy.

Line	GWh	PG&E	SCE	SDG&E	Total	Source
10	Total Surplus Energy*	2,710	7,052	133	9,895	ProSym 36
11	URG Share of IOU Portfolio	1,979	5,159	64	7,202	Line 10 * Line 4
12	DWR Share of IOU Portfolio	731	1,893	69	2,693	Line 10 * Line 5
13	Adjusted DWR Supplied Energy	21,104	20,353	6,884	48,341	Line 9 – Line 12

*In its Allocation Comparison Exhibit, ORA used surplus sales numbers that were cash based, not accrued. To accurately model the impact of D.02-03-059 on surplus energy sales and revenues, the Energy Division applied the surplus sales allocation methodology outlined in D.02-09-053 to monthly surplus energy sales and revenue. The results of these calculations are reflected on Lines 11 and 12.

d) Calculate URG and DWR share of revenue from surplus sales.

Line		PG&E	SCE	SDG&E	Total	Source
14	Revenue from Surplus Sales*	(\$33,586,940)	(\$93,371,835)	(\$1,927,165)	(\$128,885,940)	ProSym 36
15	Utility Share of Surplus Revenue	(\$24,444,018)	(\$68,035,638)	(\$923,002)	(\$93,402,658)	Line 14 * Line 4
16	DWR Share of Surplus Revenue	(\$9,142,922)	(\$25,336,197)	(\$1,004,163)	(\$35,483,282)	Line 14 * Line 5

*In its Allocation Comparison Exhibit, ORA used surplus sales numbers that were cash based, not accrued. To accurately model the impact of D.02-03-059 on surplus energy sales and revenues, the Energy Division applied the surplus sales allocation methodology outlined in D.02-09-053 to monthly surplus energy sales and revenue. The results of these calculations are reflected on Lines 14, 15, and 16.

2) Calculate the adjusted DWR Revenue Requirement and allocate to each IOU

a) Start with DWR's 2003 August 16th Determination Revenue Requirement

Line	2003 DWR Revenue Requirement		Source
17	Power Costs	\$4,119,902,243	August 16th Determination
18	Administrative & General Expenses	\$28,400,000	August 16th Determination
19	Increase in Operating Fund Balance*	\$0	
20	Ancillary Services	\$141,454,426	August 16th Determination
21	Less:		
22	Revenue from Surplus Sales**	\$0	ProSym 36
23	Interest Earnings on Fund Balance	(\$59,007,505)	August 16th Determination
24	DWR Revenue Requirement	\$4,230,749,164	

*Operating fund balance is initially set to zero and then calculated once everything else has been allocated to the IOUs. See step 2.e

** Surplus sales are directly assigned to the IOUs per D.02-09-053. See step 2.d.

b) Calculate each IOU's supplied energy allocation factor by dividing each IOU's portion of DWR supplied energy by the total DWR supplied energy

Line		PG&E	SCE	SDG&E	Total	Source
25	DWR Supplied Energy	21,104	20,353	6,884	48,341	Line 13
26	% DWR Supplied Energy	43.66%	42.10%	14.24%	100%	Line 25 / Total Line 25

c) Determine each IOU's share of the DWR Revenue Requirement by multiplying the adjusted DWR Revenue Requirement by each IOU's supplied energy allocation factor.

Line		PG&E	SCE	SDG&E	Total	Source
27	Adjusted DWR Revenue Requirement				\$4,230,749,164	Line 24
28	% Pre-load Migration Supplied Energy	43.66%	42.10%	14.24%	100%	Line 26
29	IOU Share of Adjusted DWR Revenue Requirement	\$1,846,968,192	\$1,781,275,839	\$602,505,132	\$4,230,749,164	Line 27 * Line 28

d) Determine each IOU's share of the DWR Revenue Requirement by multiplying the adjusted DWR Revenue Requirement by each IOU's supplied energy allocation factor.

Line		PG&E	SCE	SDG&E	Total	Source
30	IOU Share of Adjusted DWR Revenue Requirement	\$1,846,968,192	\$1,781,275,839	\$602,505,132	\$4,230,749,164	Line 29
31	DWR's share of Surplus Sales Revenue	\$9,142,922	\$25,336,197	\$1,004,163	\$35,483,282	Line 16
32	IOU Share of DWR Revenue Requirement less operating fund balance	\$1,837,825,271	\$1,755,939,642	\$601,500,969	\$4,195,265,882	Line 30 - Line 31

e) Solve the DWR model to determine the additional revenue required to maintain the operating account balance at or above \$1 billion and then allocate that undercollection to the IOUs to determine the final DWR Revenue Requirement allocation.

Line		PG&E	SCE	SDG&E	Total	Source
33	IOU Share of Adjusted DWR Revenue Requirement	\$1,837,825,271	\$1,755,939,642	\$601,500,969	\$4,195,265,882	Line 32
34	Operating Reserves	\$127,695,749	\$123,153,909	\$41,656,020	\$292,505,679	Line 34 total * Line 28
35	Final allocation of DWR Revenue Requirement	\$1,965,521,020	\$1,879,093,551	\$643,156,989	\$4,487,771,560	Line 33 + Line 35

3) Power Charge Calculation

a) Determine the amount of dollars to be remitted for variable costs, fixed costs, ancillary services, and operating fund balance.

Line		PG&E	SCE	SDG&E	Total	Source
36	Allocation Factor	44%	42%	14%	0%	Line 28
37	Adjusted Rev Req.	\$1,837,825,271	\$1,755,939,642	\$601,500,969	\$4,195,265,882	Line 33
38	Less:					
39	Variable Costs	\$85,661,819	\$65,501,750	\$68,722,250	\$219,885,819	ProSym 36
40	Ancillary Services	\$61,753,088	\$59,556,675	\$20,144,663	\$141,454,426	Line 20 * Line 36
41	DA Cost Responsibility Surcharge Revenues	\$0	\$0	\$0	\$0	Need Implementation workshop
42	Fixed Costs	\$1,690,410,363	\$1,630,881,217	\$512,634,056	\$3,833,925,636	Sum of Line 37 thru Line 42
43	Operating Account Funds	\$127,695,749	\$123,153,909	\$41,656,020	\$292,505,679	Line 34

b) Calculate the IOU-specific DWR power charges

Line		PG&E	SCE	SDG&E	Total	Source
44	2003 DWR Delivered Energy (kWh)	19,205,963,516	18,459,409,403	6,398,534,999	44,063,907,918	ProSym 36
45	Variable Costs (\$/kWh)	\$0.00446	\$0.00355	\$0.01074	\$0.00499	Line 39 / Line 44
46	Fixed Costs (\$/kWh)	\$0.08801	\$0.08835	\$0.08012	\$0.08701	Line 42 / Line 44
47	Ancillary Services (\$/kWh)	\$0.00322	\$0.00323	\$0.00315	\$0.00321	Line 40 / Line 44
48	Operating Account Funds (\$/kWh)	\$0.00900	\$0.00900	\$0.00900	\$0.00900	DWR model solution
50	Total IOU Power Charge (\$/kWh)	\$0.10469	\$0.10413	\$0.10301	\$0.10421	Sum of Line 45 thru Line 48